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## II. BACKGROUND

1. Chinese Nationalist attempts to interdict shipping along the mainland coast began with an announcement of "port closure" on 26 June 1949. Thirteen major ports along the China coast were involved. The term "port closure" was used instead of "blockade" to avoid international complications. This closure decree has never been withdrawn and is technically still in force.

2. During its first three months the closure netted, according to Nationalist claims, approximately 300,000 tons of shipping, mostly of Chinese registry. These vessels were prevented from returning to mainland ports and were added to the Nationalist merchant fleet.

3. By May 1950, loss of islands north and south of the Formosa strait had limited the effectiveness of the port closure to the mainland coast between the Tachen Islands and Kinmen (Quemoy) Island near the port of Amoy, though there was some activity further south off the port of Swatow.

4. Blockade activity continued after the Korean war began, falling most heavily on small coastal vessels passing through the Formosa straits. Heaviest hit were vessels of British registry.

5. On 18 May 1951 the UN passed an embargo resolution calling on all members to halt shipment of arms and implements of war to mainland ports. After the British agreed in June 1951 to enforce blockade on exports to Communist China, (especially from the port of Hong Kong), and following a US request, the Nationalists practically ceased blockading activities directed against foreign flag vessels.

6. By January 1953, however, the Nationalists were reported anxious to resume blockading operations at the earlier level and on 28 January submitted to the American naval attache in Taipei a plan for resumption of vigorous interdiction along the Fukien-Chekiang coast. In February 1953 the Formosa straits were deneutralized by order of President Eisenhower and subsequently blockade activity increased. By August 1953 blockade "incidents" occurred so frequently that the British instituted a regular naval patrol in the Formosa straits in order to protect vessels of British registry.

7. On 4 October 1953 the Praca, a Polish tanker of 8300 tons, was intercepted and taken into Kaohsiung; it was later confiscated. This was the first Nationalist interception of

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an Orbit vessel, and it was also the first interception of any kind east of Formosa.

8. Other interceptions since October are as follows:

On 7 November 1953 the Hydralock, British, 979 tons, was intercepted but escaped; it was subsequently strafed by Nationalist aircraft.

On 10 November 1953 the Inchulva, British, 1772 tons, was intercepted and warned away from Wenchow. On 15 November it was intercepted again and detained, later released.

On 13 December 1953 the Hydralock (see above) was intercepted and escorted to Quemoy; was released on 14 December with cargo (oranges) intact.

On 14 December 1953 the Helikon, British, was fired on while entering Foochow.

On 14 February 1954 the Taichungshan, British, 3171 tons, was stopped by a gunboat but released.

On 29 March 1954 the Grosvenor Mariner, British, 3197 tons, was stopped but was released when the Royal Navy intervened.

On 5 April 1954 the Inchwells, British, 7777 tons, was stopped, was ordered not to enter "territorial waters," was then released.

On 13 May 1954 the Prezydent Gottwald, Polish, 5028 tons, was seized about 400 miles east of Formosa and was escorted to Kaohsiung; it is still being held there.

### III. ECONOMIC AND STRATEGIC ASPECTS

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2. Increased seaborne shipments this year may not indicate any increase of total imports over last year, but rather a reduction in overland deliveries. A transfer of some POL shipments from rail to water would relieve the dependence on long-haul tank-car movements.

3. Late in 1953 the Soviet POL carrying capacity was augmented by the addition of five large tankers of close to 10,000 tons each. As there is no indication that the Trans-Siberian railway has been sufficiently taxed since the end of the Korean fighting to require seaborne deliveries to China, the decision to move petroleum by water has apparently been designed to take advantage of the opportunity to lower transportation costs by resorting to the newly-available sea transport.

4. The intended use of the current POL cargoes, much of which is kerosene, is probably for civilian rather than military purposes. The type of kerosene produced in Rumania, [redacted]

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[redacted] is probably unsuitable for normal use as a jet fuel without further processing. The two cargoes of Rumanian kerosene stopped en route to China last year--one carried by a Polish tanker intercepted by the Nationalists and one on a Finnish tanker ultimately purchased by the US--had freezing points of -10 degrees and -15 degrees Fahrenheit, respectively. This fuel, believed to be typical of Rumanian kerosene exported to China, would, because of its high paraffin content, congeal at high altitude and is unserviceable in high-flying jet aircraft.

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#### IV. THE SOVIET PROTEST

1. The Soviet note of 24 June protesting the seizure of the Tuapse was cast in a strong but not a threatening tone. While it concluded with a warning that the USSR "will be forced to take appropriate measures to guarantee the safety of navigation of Soviet merchant vessels in this region," this language is not particularly belligerent in view of the circumstances. Moscow undoubtedly felt considerable chagrin over this affront to Soviet prestige and dignity and felt compelled to issue such a warning.

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2. The most significant aspect of the note is its attempt to assign sole responsibility for the seizure to the United States. Unlike the Polish note of 11 October 1953 to the United States protesting seizure of the Polish freighter Praca on 4 October 1953 by a Chinese Nationalist gunboat, the Soviet note pointedly omits any reference to the Nationalist destroyer escorts which intercepted the Tuapse. Whereas the Polish note charged the United States with responsibility for the seizure of the Praca on the ground that Chinese Nationalist forces were under American political and military control, the current Soviet note attributes responsibility to the United States on the ground that "seizure of a Soviet tanker by a war vessel in waters controlled by a United States naval fleet could be carried out only by naval forces of the United States."

Assuming, of course, that Moscow was aware of the real identity of the intercepting warships, this studied omission of any reference to the Chinese Nationalists may reflect Soviet embarrassment over having a vessel seized by a warship of a regime which Moscow habitually refers to as the "Chiang Kai-shek remnant clique."

The Soviet note further sought to attach sole responsibility to the United States by demanding that measures be taken to return the ship with its crew and cargo and that "responsible American personnel who took part in the organization of this illegal act be severely punished."

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## V. POSSIBLE FUTURE COURSES OF SOVIET ACTION

1. For the immediate future, it is likely that Moscow will await the United States reply to its 24 June note before determining its future course. In the meantime, Soviet leaders probably will seek to avoid further involvement in this incident and refrain from any retaliatory action such as seizure of an American or allied merchantman as a hostage.

Following this initial period of exchange of notes and maneuvering for diplomatic advantage, there appear to be two main courses open to the Kremlin. These, outlined below, are by no means mutually exclusive but it seems probable that one course will receive greater and more consistent emphasis than the other.

2. One course of action would be in the general direction of forcing an early showdown on the issue of illegal seizure and violation of Soviet maritime rights on the high seas, and of securing the unconditional release of the Tuapse.

This line of action would be motivated primarily by reasons of prestige and defense of legal rights. It would be aimed at repairing the damage to Soviet prestige inflicted by the "Chiang Kai-shek remnant clique" and at vindicating the Soviet right to engage in uninterrupted sea communications in this area.

This course would call for strong measures. Such action may be foreshadowed by the warning that the USSR will safeguard its merchant ships. "Appropriate measures" to enforce this tough reaction might include the despatch in strength of Soviet naval forces to accompany one or more of the remaining tankers in a test run through waters adjacent to Formosa, and to react vigorously against any interference which might be encountered.

Such a decision would imply that the Soviet leaders were willing to accept the risks of an encounter with American naval forces. The main advantage in this course of action, in the eyes of the Soviet leaders, would be the opportunity to restore without delay Soviet prestige and to remove this embarrassing affront to Soviet dignity. It would also demonstrate the Soviet Union's readiness to resist any interference with or challenge to its sea communications with Communist China.

The disadvantages of this first course would include the strong probability that a peremptory Soviet demand for the immediate release of the Tuapse would be met with a blunt refusal by the United States. This would place Moscow in the difficult

dilemma of acquiescing in the rebuff or taking retaliatory steps which could lead to greater involvement and a deeper commitment of Soviet prestige in an area and under conditions in which Soviet power would be at a clear disadvantage. Another important consideration would be the serious reduction of defensive naval strength in the Soviet Far East which would result from deployment of major forces to Formosan waters at a time when open hostilities might be imminent.

In addition to these considerations, the Soviet leaders probably are very suspicious of American objectives underlying this incident. They may regard this as a camouflaged attempt by the United States to establish an undeclared blockade of the China coast. They are fully aware of the proposals advanced by certain groups in the United States for this kind of action against China and suspect that the Chinese Nationalist action was a trap designed to involve Communist powers in retaliatory action which would present these American groups with a long-awaited opportunity. This line of action would be calculated to minimize the danger of deeper involvement in the specific issue of the Tuapse while focusing world attention on the broader issues of American policy generally and in the Far East particularly. This propaganda and diplomatic program could be easily fitted into the current Communist global campaign to isolate the United States from its major allies and to discredit American policies.

The propaganda line would condemn the seizure as further evidence of the American desire to increase tensions and to fan conflicts in the Far East. This uncompromising and belligerent American attitude would be contrasted with the Communists' alleged desire for a reduction of tensions and continuation of peaceful negotiations and commerce.

This line would probably be very effective in Asia because American responsibility for the Tuapse incident will be taken for granted in most quarters. Furthermore, if, as now seems likely, the Communists move toward agreement on an Indochina cease-fire and will continue other conciliatory gestures directed toward America's western allies, India and Japan, the Communist position regarding the recognition of the Peiping regime and its admission to the United Nations will be strengthened.

On the diplomatic level, the USSR may request the Security Council to act upon the tanker case as indicative of US "aggressive intent" in Asia which constitutes a threat to the peace, breach of the peace, or act of aggression. Present membership of the Council includes Britain, France and Denmark whose traditional opposition to any action infringing upon the freedom of the seas was recently reflected in their replies

to the American demarche regarding searching ships bound for Guatemala.

3. As a second alternative, the Kremlin might seek to avoid serious risk and instead take advantage of its favorable legal and propaganda position. Other Council members would probably become involved in the legal aspects of the case and be reluctant to lend more than grudging support to the American position. From the American point of view, the best that could be expected from Security Council discussion of the issue would be a referral of the case to the International Court of Justice.

The USSR could request that a special General Assembly be called to discuss the tanker seizure. General Assembly discussion of this issue at a time when American prestige is at a low ebb because of the Guatemalan situation would be advantageous for the Communists. Neutralist sentiment, moreover, has been growing in the UN and support for the US position on seating Communist China is diminishing.

The Soviet Union could take the dispute directly to the International Court of Justice for a ruling. But past performance of the USSR in regard to the Court's jurisdiction makes this seem very unlikely. Moreover, Moscow stands much more to gain from propaganda exploitation of this issue in the Security Council or Assembly.

4. On balance, it seems more likely that Moscow will adopt the second rather than the first general course of action. The Soviet leaders probably believe that their legal, moral, political and propaganda position on this issue is very strong and that the advantages to be derived from its political and propaganda exploitation will more than offset the disadvantages flowing from a temporary loss of face. Moscow probably believes that it will be able to use this incident as a potent weapon for attacking American policy and intentions on a great variety of issues.

However, under its general course of action, it is entirely possible that the USSR might employ a small number of surface escort vessels to provide protection sufficient to permit the resumption of tanker operations in China waters. The Soviet destroyers which might be used in this operation would be more than a match for any opposing Nationalist vessels.



**V. SOVIET CAPABILITIES TO PROVIDE NAVAL ESCORT FOR VESSELS IN FORMOSAN WATERS**

1. Soviet naval vessels available in the Far East:
  - 2 heavy cruisers
  - 44 destroyer types
  - 20 long range submarines
  - 26 medium range submarines
  - 21 coastal submarines
2. The 18 Skory destroyers are long-range, modern ships capable of extended open water operations.
3. An additional 26 destroyer type vessels could be utilized for escort duty in Formosan waters, but all have shorter operating ranges than the 6,000 mile Skory destroyers.
4. From the fleet operating base at Vladivostok to Formosa is a distance of approximately 1200 miles; consequently, even the Skory class could not perform an escort mission of longer than about 10 days duration on station in Formosan waters if the ships remain based in Vladivostok and are not refueled on station. There are three Soviet fleet tankers in the Far East.
5. The distance between Vladivostok and Formosa thus apparently would preclude extensive operations in the South China sea from Vladivostok. We therefore feel that escort operations would be based on Chinese Communist ports.
6. Shanghai, Canton, and Tsingtao appear to be the best equipped Chinese ports to handle such operations, but it is felt that repair facilities in these places are inadequate to service vessels of the destroyer class or larger.
7. Certain Chinese Communist ports, among them Shanghai, Canton, and Tsingtao, are believed capable of supplying sufficient fuel for the operation of several destroyers.

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